

ABSTRACT

LEGAL FORMS OF ORGANIZATION FOR SOCIAL ENTERPRISE ENTITIES: AN INTERNATIONAL PERSPECTIVE

Elisabeth Teal, Ph.D.

Professor of Management, University of North Georgia, Dahlonega, Georgia

A. Rebekah Teal, J.D.

Attorney and Consultant, Atlanta, Georgia

“Social enterprise entities” is a broad term that refers to for-profit and nonprofit organizations that seek to maintain viability while addressing social and environmental issues. Worldwide, the number of social enterprise entities has grown at a faster rate than the number of firms that exclusively pursue the traditional goal of maximizing shareholder wealth. Preliminary empirical studies indicate that given a choice, consumers prefer to engage and transact with an entity that embraces social and environmental goals in addition to seeking profits.

Laws have been passed in Europe and in the United States in response to the interest in social enterprise entities and the unique purposes of such organizations. These laws were passed over time and thus vary widely, and also vary based on the goals to be accomplished by the legislation and the individual and historical nature of the various legal systems.

In this paper we seek to provide a consolidated chronological discussion of the primary laws authorizing legal forms of organization for social enterprise entities in Europe and the US. We will identify and describe the key laws that have been passed in support of these entities across nations. In addition to many others, we will include Benefit Corporation legislation in the US and also legislation authorizing Social Cooperatives and Community Interest Companies in Europe. We will provide a brief description of each law and indicate when it was passed, where it applies, and whether it applies to corporations or nonprofit organizations.

We are not aware of such a summary that currently exists and we believe the development of this summary will be an important contribution of this paper. We anticipate that this overview will be useful in helping politicians, business leaders and scholars understand the current global state of social enterprise legislation.

Keywords: social enterprise entity, international social entrepreneurship, benefit corporation

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